



National Basketball Association

Via Federal Express

May 24, 2004

Edmund Middleton
56000 Pebble Beach
La Quinta, CA 92253

Dear Mr. Middleton:

Your term life insurance coverage under the NBA referee group plan was terminated, effective May 18, 2004. You may be eligible to convert your coverage into an individual life insurance policy with Guardian. In addition, you may also be eligible to obtain a "waiver of premium," which would permit you to continue your current level of life insurance coverage under the Guardian policy without having to pay any premiums. Please note that Guardian will determine the exact amount of insurance coverage that you may convert and/or whether to grant a request for waiver of premium.

I have enclosed conversion and waiver of premium forms for your review and use. Please be advised that, to be eligible for conversion, you must apply to Guardian by June 18, 2004. For additional information on conversion and/or waiver of premium, please contact Guardian directly at 1-800-873-4542.

Sincerely,

A handwritten signature in black ink, appearing to read "Rafeena Ally".

Rafeena Ally
Manager, Benefits & HRIS
Finance Department

COBRA CONTINUATION OF GROUP HEALTH COVERAGE
ELECTION NOTICE

NBA Referees Group Health Plan
100 Plaza Drive
Secaucus, New Jersey 07094
(201) 974-6531

Via Federal Express

May 24, 2004

Edmund Middleton
Sheila Middleton (spouse)
Christopher Middleton (son)
56000 Pebble Beach
La Quinta, CA 92253

Dear Mr. Middleton and Family:

This notice contains important information about your right to continue your health care coverage in the group health plan sponsored by the National Basketball Association (the "Plan").

Please read the information contained in this notice very carefully. This notice provides important information concerning your rights and what you have to do to continue your health care coverage under the Plan. If you have any questions concerning the information in this notice or your rights to coverage, you should contact SHPS, Inc. ("SHPS"), P.O. Box 34640, Louisville, KY 40232-4640, Telephone: (800) 301-7556.

If you do not elect to continue your health care coverage by completing the enclosed "Election Form" and returning it to us, your coverage under the Plan will end on May 18, 2004 (the "Coverage End Date") due to:

<input checked="" type="checkbox"/>	End of employment	<input type="checkbox"/>	Reduction in hours of employment
<input type="checkbox"/>	Death of the employee	<input type="checkbox"/>	Divorce or legal separation
<input type="checkbox"/>	Enrollment in Medicare	<input type="checkbox"/>	Loss of status as a dependent child

Each of the following persons is entitled to elect to continue health care coverage under the Plan:

- Employee – Edmund Middleton
- Spouse (or former spouse) of Employee – Sheila Middleton
- Dependent Child – Christopher Middleton

Because of the event (checked above) that will end your coverage under the Plan, you, your spouse, and your dependent child are entitled to continue your health coverage under the Plan for up to 18 months. Accordingly, if you elect to continue your coverage under the Plan, your continuation coverage will begin on May 18, 2004, and may last until November 18, 2005.

The options available for your continuation coverage (along with the cost per month for each option) are as follows:

Medical	Monthly Cost	Dental	Monthly Cost
Employee	\$512.60	Employee	\$28.33
*Family	\$1,121.26	*Family	\$82.33

* This denotes the coverage you were previously enrolled in.

IMPORTANT - To elect COBRA continuation coverage, you **MUST** complete the enclosed "Election Form" and return it, by mail, to SHPS at the address shown on the Election Form. In order for your election to be timely and valid, your Election Form must be postmarked by July 23, 2004, and it must actually be received by SHPS. If you do not submit a completed Election Form by this date, you (and your family members) will lose your right to elect continuation coverage. Important information about your rights is provided to you on the following pages.

**IMPORTANT INFORMATION
ABOUT YOUR COBRA CONTINUATION COVERAGE RIGHTS**

What Is Continuation Coverage?

Federal law requires that most group health plans (including this Plan) give employees and their family members the opportunity to continue their health care coverage when there is a "qualifying event" that would result in a loss of coverage under the plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee covered under the plan, the covered employee's spouse, and dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants and beneficiaries under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants and beneficiaries covered under the Plan, including special enrollment rights. Similarly, if coverage changes for active participants under the Plan, coverage will change in the same manner for persons receiving continuation coverage. The persons listed on page one of this notice have been identified by the Plan as qualified beneficiaries entitled to elect continuation coverage. Specific information describing continuation coverage can be found in the Plan's Summary Plan Description (SPD), which can be obtained from NBA Benefits Department, 100 Plaza Drive, Secaucus, New Jersey, 07094, (201) 974-6531.

How Long Will Continuation Coverage Last?

In the case of a loss of coverage due to the end of employment or reduced hours of employment, coverage may be continued for up to 18 months from the Coverage End Date. In the case of a loss of coverage due to an employee's death, divorce or legal separation, the employee's enrollment in Medicare, or a dependent child ceasing to be a dependent under the terms of the Plan, coverage may be continued for up to 36 months from the Coverage End Date. Page one of this notice shows the maximum period of continuation coverage available to the listed qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if: (i) any required premium is not paid on time, (ii) the qualified beneficiary first becomes, after electing COBRA coverage, covered under another group health plan (as an employee or otherwise) that does not impose any pre-existing condition exclusion or limitation applicable to the individual, (iii) the qualified beneficiary first becomes, after electing COBRA coverage, enrolled in Medicare, or (iv) the group health coverage provided to you is terminated (and the NBA is not required by COBRA to provide you with other group health coverage that it maintains, if any). Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

You do not have to prove insurability to be entitled to continuation coverage. However, continuation coverage is provided subject to your (and your family members') eligibility for coverage under the Plan. The NBA (and the insurer) reserves the right to terminate continuation coverage retroactively if you (or a member of your family) are determined to be ineligible for coverage. Once your continuation coverage terminates for any reason, it cannot be reinstated.

How Can You Extend the Length of Continuation Coverage?

If you elect continuation coverage, an extension of the 18-month period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify SHPS of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide timely notice of a disability or a second qualifying event, as set forth below, affect the right to extend the period of continuation coverage.

Disability

An 11-month extension of coverage may be available if any of the qualified beneficiaries is disabled, as determined by the Social Security Administration (SSA). The SSA must determine that the qualified beneficiary was disabled at some time during the first 60 days of continuation coverage, and you must notify SHPS of that fact before the end of the first 18 months of continuation coverage. All of the qualified beneficiaries listed on page one of this notice who have elected continuation coverage will be entitled to the 11-month disability extension if one of them qualifies. If the qualified beneficiary is determined by SSA to no longer be disabled, you must notify SHPS of that fact within 30 days of SSA's determination.

Second Qualifying Event

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events include the death of a covered employee, divorce or legal separation from the covered employee, the covered employee's enrollment in Medicare (Part A, B, or both), or a dependent child ceasing to be eligible for coverage as a dependent under the Plan. You must notify SHPS within 60 days after a second qualifying event occurs.

How Can You Elect Continuation Coverage?

Each qualified beneficiary listed on page one of this notice has an independent right to elect continuation coverage. For example, both the employee and the employee's spouse may elect continuation coverage, or only one of them. Parents (or legal guardians) may elect continuation coverage on behalf of their dependent children only. A qualified beneficiary must elect coverage by the date specified on the Election Form. Failure to do so will result in loss of the right to elect continuation coverage under the Plan. A qualified beneficiary who initially indicates an intent not to elect continuation coverage may subsequently elect continuation coverage by submitting a completed Election Form by the date specified in the Election Form.

You may not elect coverage at this time for dependent children who are not currently covered under the Plan. Coverage may be elected for new dependents (such as a newborn or adopted child or a new spouse) while you are receiving COBRA continuation coverage, provided that such dependents are enrolled for coverage under the Plan within 30 days of the birth, adoption or marriage. Contact SHPS if this applies to you.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under the federal law called the Health Insurance Portability and Accountability Act (HIPAA). First, you can lose the right to avoid having preexisting condition exclusions applied to you by other group health plans if you have more than a 63-day gap in health coverage, and election of continuation coverage may help you avoid such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such preexisting condition exclusions if you do not get continuation coverage for the maximum time available to you. Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

How Much Does COBRA Continuation Coverage Cost?

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage (or, in the case of an extension of continuation coverage due to a disability, 150 percent). The required payment for continuation coverage for any qualified beneficiaries is identified on page two this notice.

The monthly premium rates may be adjusted due to changes in coverage. Even in the absence of any changes in coverage, premiums charged for continuation coverage may change on a yearly basis or as otherwise permitted by applicable law.

The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance (eligible individuals). Under the new tax provisions, eligible individuals can either take a tax credit or get advance payment of 65% of premiums paid for qualified health insurance, including COBRA continuation coverage. If you have questions about these new tax provisions, you may call the Health Care Tax Credit Customer Contact Center toll-free at 1-866-628-4282. TTD/TTY callers may call toll-free at 1-866-626-4282. More information about the Trade Act is also available at www.doleta.gov/tradeact/2002act_index.asp.

When and How Must Payment For COBRA Continuation Coverage Be Made?

First payment for continuation coverage

If you elect COBRA continuation coverage, you do not have to send any payment with the Election Form. However, you must make your first premium payment for continuation coverage no later than 45 days after the date of your election. (This means 45 days after the date that your Election Form is post-marked). If you do not make your first premium payment within this 45-day period, you will lose all rights to COBRA continuation coverage under the Plan and your coverage will terminate as of the Coverage End Date indicated on page one of this notice.

Your first payment must cover the cost of continuation coverage from the Coverage End Date up to the time you make the first payment. You are responsible for making sure that the amount of your first payment is enough to cover this entire period. You may contact SHPS to confirm the correct amount of your first payment.

Your first payment for continuation coverage should be made payable to "SHPS, Inc." and should be sent to: SHPS, Inc., P.O. Box 34640, Louisville, KY 40232-4640.

Periodic payments for continuation coverage

After you make your first payment for continuation coverage, you will be required to pay for continuation coverage for each subsequent month of coverage. Under the Plan, these periodic payments for continuation coverage are due on the first day of the month for which they apply. If you make a periodic payment on or before its due date, your coverage under the Plan will continue for that coverage period without any break. SHPS will send periodic notices of payments due for these coverage periods. However, even if you do not receive a notice of payment, you must pay the required monthly premiums on time.

Periodic payments for continuation coverage should be sent to: SHPS, Inc., P.O. Box 34640, Louisville, KY 40232-4640.

Grace periods for periodic payments

Although periodic payments are due on the dates described above, you will be given a grace period of 30 days to make each periodic payment. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment. However, if you pay a periodic payment later than its due date but during its grace period, your coverage under the Plan will be suspended as of the due date and then retroactively reinstated (going back to the due date) when the periodic payment is made. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

If you fail to make a periodic payment before the end of the grace period for that payment, you will lose all rights to continuation coverage under the Plan and your coverage will terminate as of the last date for which you made a timely payment.

Can You Elect Other Health Coverage Besides Continuation Coverage?

You may also be able to convert your NBA group medical coverage into an individual policy with The Guardian Insurance Company ("Guardian"). You may be able to do this as an alternative to COBRA coverage, when COBRA coverage ends, or at any time in between. Please note, however, that the provisions and expenses of an individual policy will not be the same as coverage under the Plan, and it does not include prescription drugs or dental treatment. You have 45 days from the date coverage is lost to make a written application and pay the first premium. For more information about conversion, please contact Guardian directly at (800) 685-4542.

For More Information

This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available from the NBA Benefits Department, 100 Plaza Drive, Secaucus, New Jersey, 07094, (201) 974-6531.

For more information about your rights under ERISA, including COBRA, HIPAA, and other laws affecting group health plans, contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa.

Keep the Plan Informed of Address (and Other) Changes

In order to protect your family's rights, you should keep the NBA Benefits Department and SHPS informed of any changes in the addresses of family members and any changes in your marital status. You must also notify SHPS if you or a member of your family becomes covered under another group health plan or becomes enrolled in Medicare after electing COBRA coverage.

You should keep a copy, for your records, of any notices that you send to the NBA Benefits Department or SHPS.

Sincerely,

NBA Benefits Department
100 Plaza Drive
Secaucus, New Jersey 07094
(201) 974-6531